



U.S. Department of Justice

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For Immediate Release:

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EVENT: Guilty Plea

Defendant: John P. O'Leary

FORMER MCA SENIOR VICE PRESIDENT PLEADS GUILTY

Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, Daniel D. Roberts, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation, and Barry McLaughlin, Special Agent in Charge of the Midwest Region of the Office of Inspector General of the U.S. Department of Housing and Urban Development, announced that the former Senior Vice President for Corporate Finance of MCA Financial Corporation pleaded guilty today to concealing MCA's scheme to defraud its investors and lenders.

Pleading guilty before U.S. District Judge Nancy G. Edmunds was John P. O'Leary, 52 years old, of Davisburg. Mr. O'Leary, who was with MCA from 1994 until the fall of 1998, was also on the Financial Management Committee of MCA. The charge to which he pleaded guilty, misprision of felony, centered on MCA's creation of sham assets and bogus revenues through the purchase of low-income housing in Detroit by MCA and the subsequent sale of the property by MCA, at marked-up prices, to partnerships and limited liability companies ("LLC") controlled by MCA. Monthly payments from the partnerships and LLCs to MCA were often delinquent or never made at all. Mr. O'Leary helped to

conceal that fact from MCA's lenders and external auditors by directing MCA employees to prepare databases that automatically and fraudulently reflected the making of such payments.

The sentence in this case will be imposed under the federal Sentencing Guidelines based on the nature of the offense and the criminal background, if any, of the defendant. Under his plea agreement with the federal government, Mr. O'Leary faces up to 18 months' imprisonment and could be ordered to pay millions of dollars in restitution. He has also agreed to pay an administrative fine to the U.S. Department of Housing and Urban Development in the amount of \$20,000. Judge Edmunds scheduled the sentencing for December 6, 2005.

The federal investigation has been conducted by the FBI and the U.S. Department of HUD's Office of Inspector General, with assistance from the SEC's Division of Enforcement and the Office of Financial and Insurance Services of the Michigan Department of Labor and Economic Growth. The case is being prosecuted by Assistant U.S. Attorneys Stephen Hiyama and Jennifer Gorland.